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UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

ISSUE OF US\$100,000,000 6.75% SECURED CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 18 December 2015 (after trading hours), the Company and the Subscriber, entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of US\$100,000,000.

The Company intends to use the net proceeds from the CB Issue as general working capital for the acquisition, development, construction, maintenance and operation of the potential Target Solar Power Plant(s).

INTRODUCTION

On 18 December 2015 (after trading hours), the Company and the Subscriber, entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of US\$100,000,000.

Details of the Subscription Agreement are set out below.

CB ISSUE

The Subscription Agreement

Date

18 December 2015

Issuer

the Company

Subscriber

the Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Convertible Bonds

The Company has conditionally agreed to issue the Convertible Bonds in the principal amount of US\$100,000,000 at 100% of the principal amount of the Convertible Bonds subject to fulfillment of the CB Conditions.

Bondholders will be entitled to convert the outstanding principal amount of the Convertible Bonds (translated into Hong Kong dollars at the fixed exchange rate of US\$1:HK\$7.75) into Conversion Shares at the Conversion Price during the Conversion Period. Assuming exercise in full of the Conversion Rights at the initial Conversion Price of HK\$1.5928, an aggregate of 486,564,540 Conversion Shares will be issued, representing approximately 10.24% of the issued share capital of the Company as at the date of this announcement and approximately 9.29% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there was no repurchase of Shares or issue of other new Shares and no interest under the Convertible Bonds was paid by issue of Conversion Shares).

The Convertible Bonds will constitute direct, unconditional, unsubordinated and secured obligations of the Company and at all times rank *pari passu* and rateably without any preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) among themselves. The payment obligations of the Company under the Convertible Bonds shall at all time rank at least *pari passu* with all of its present and future unsubordinated and unsecured payment obligations.

The Conversion Shares to be allotted and issued on conversion will be fully paid and will rank *pari passu* in all respects with, and within the same class as, the Shares then in issue on the date of allotment and issue of the Conversion Shares, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the date of allotment and issue of the Conversion Shares.

The principal terms of the Convertible Bonds are summarised below.

Principal terms of the Convertible Bonds

Principal amount

US\$100,000,000

Issue price

100% of the principal amount of the Convertible Bonds, payable in cash

Interest

The Convertible Bonds will bear interest at the rate of 6.75% per annum, payable half yearly in arrears. Interest shall accrue from day to day, and be calculated on the basis of the actual number of days elapsed and a 365-day year, including the first day of the interest period but excluding the last day of the interest period.

Except in the following situations where the accrued and unpaid interest will be paid in the form of Conversion Shares, the interest will be paid in cash:

- (a) in the event of a Mandatory Conversion, the accrued and unpaid interest will be paid by the issue of Conversion Shares at the Conversion Price then in effect; and
- (b) upon the exercise of the Conversion Rights, a Bondholder elects to receive the accrued and unpaid interest in the form of Conversion Shares issued at the Conversion Price then in effect.

As interest will be paid half yearly in arrears, the maximum accrued interest at any point of time during the term of the Convertible Bonds will not exceed HK\$26,156,250, the amount of interest for half year. On this basis, assuming Conversion Shares were required to be issued for payment of interest under the Convertible Bonds and all such Conversion Shares were issued at the initial Conversion Price of HK\$1.5928, a maximum of 16,421,553 Conversion Shares would be issued for payment of interest.

Maturity Date

The third anniversary of the Issue Date

Conversion Period

Bondholders are entitled to exercise the Conversion Rights at any time from the day immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date.

Conversion Rights of the Bondholders and the Mandatory Conversion

Bondholders are entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares during the Conversion Period, provided that exercise of the Conversion Rights will not result in:

- (a) a change of control (within the meaning of the Takeovers Code) of the Company or the Bondholders, together with parties acting in concert (within the meaning of the Takeovers Code) with them, which will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code;
- (b) insufficient public float of the Shares as defined under the Listing Rules; or
- (c) a Bondholder exercising the Conversion Right together with its close associates (as defined in the Listing Rules) becoming the largest Shareholder.

The Company is entitled to, having given not less than five nor more than ten business days' notice to the Bondholders, convert the outstanding principal amount of the Convertible Bonds into Conversion Shares if at any time during the period:

- (a) commencing from the Issue Date up to the day immediately before the first anniversary of the Issue Date (both dates inclusive), the closing price per Share on the Stock Exchange for any fifteen consecutive trading days reaches HK\$2.07 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 29.96% over the Conversion Price then in effect from time to time) or above;

- (b) commencing from the first anniversary of the Issue Date up to the day immediately before the second anniversary of the Issue Date (both dates inclusive), the closing price per Share on the Stock Exchange for any fifteen consecutive trading days reaches HK\$2.5 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 56.96% over the Conversion Price in effect from time to time) or above; or
- (c) commencing from the second anniversary of the Issue Date up to the Maturity Date (both dates inclusive), the closing price per Share on the Stock Exchange for any fifteen consecutive trading days reaches HK\$3.0 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 88.35% over the Conversion Price in effect from time to time) or above.

Conversion Price

HK\$1.5928

The Conversion Price is subject to adjustments in accordance with the terms and conditions set out in the Bond Instrument if any of the following specific events occurs:

- (a) where there is an alteration to the nominal amount of a Share by reason of any consolidation or subdivision;
- (b) where the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund) including Shares paid up out of distributable profits or reserves and/or share premium account (except any scrip dividend);
- (c) where the Company makes (whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own Shares which is permitted by the rules of the Stock Exchange and in accordance with the provisions of the Company's memorandum of association and bye-laws) any capital distribution (including distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period) to the Shareholders (in their capacity as such) or grants to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (d) where the Company issue Shares to Shareholders as a class by way of rights, or offers to the Shareholders new Shares for conversion by way of rights, or grants to the Shareholders any options or warrants to subscribe for new Shares at a price per Share which is less than 90% of the current market price (as defined in the Bond Instrument) as at the date of the announcement of the terms of the offer or grant;

- (e) where the Company or any other company issues any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new Shares, and the total effective consideration (as defined in the Bond Instrument) per new Share initially receivable for such securities is less than 90% of the current market price (as defined in the Bond Instrument) as at the date of the announcement of the terms of issue of such securities;
- (f) where the rights of conversion or exchange attached to any such securities as are mentioned in sub-paragraph (e) above are modified so that the total effective consideration (as defined in the Bond Instrument) per new Share initially receivable for such securities shall be less than 90% of the current market price (as defined in the Bond Instrument) as at the date of announcement of the proposal to modify such rights of conversion or exchange; or
- (g) where the Company (other than in consideration or in part consideration for acquisition of securities, assets or business as provided in the Bond Instrument) issues any Shares at a price per Share which is less than 90% of the current market price as at the date of the announcement of the terms of such issue.

Notwithstanding the specific adjustment events set out in the Bond Instrument, in any circumstances where the Directors or the Requisite Bondholders pursuant to a special resolution shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions set out in the Bond Instrument or that such adjustment shall take effect on a different date or at a different time from that provided under the said provisions, the Company shall appoint an independent merchant bank or (with prior approval of the Requisite Bondholders) the auditors of the Company to consider (at the Company's expense) whether the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the auditors of the Company consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner and/or take effect on a different date and/or time as shall be certified by such approved bank or the auditors of the Company to be in its opinion appropriate.

Whenever the Conversion Price is adjusted, the Company will give notice to the Bondholders and will make available for inspection by the Bondholders, among other things, a signed certificate of the auditors of the Company or an independent approved merchant bank and a certificate signed by a Director setting out brief particulars of the adjustment to the Conversion Price. The Company will make announcement(s) on adjustment of the Conversion Price.

Assuming conversion of the Convertible Bonds into Conversion Shares in full at the initial Conversion Price, the net price per Conversion Share to the Company is HK\$1.5918.

Redemption at maturity

The Company will redeem the Convertible Bonds on or before the fifteenth business day after the Maturity Date at 120% of the outstanding principal amount together with accrued and unpaid interest. The Convertible Bonds will be cancelled upon redemption.

Transferability

The Convertible Bonds are freely transferable except that transfer of any of the Convertible Bonds to a connected person of the Company is subject to prior written approval of the Company.

Security

Subject to the completion of the CB Issue taking place, the Convertible Bonds will be secured by the Share Charge at completion, and upon its due execution, the Equity Pledge within six months after the completion of the CB Issue.

The Company undertakes to identify and provide relevant information of the potential Target Solar Power Plant(s) to the Subscriber. Within ten months after completion of the CB Issue, the Company will complete the acquisition(s) of the Target Solar Power Plant(s) through the WFOE.

The management of the Company has an internal assessment of the market value of the Target Solar Power Plant(s) with an agreed aggregate installed capacity of 160MW to be acquired based on its experience and the market information available in the industry. Based on the price of approximately RMB8.5 per Watt, the assessed value of the Target Solar Power Plant(s) with an agreed aggregate installed capacity of 160MW is approximately RMB1,360 million. However, the final acquisition costs of the Target Solar Power Plant(s) may deviate from the Group's internal assessment for various reasons.

Having considered that the Security will be offered as security for the Convertible Bonds to raise funds for the Group and based on similar proposed security arrangements with other independent third party investors, the Directors consider that offering the Security for the CB Issue is in the interests of the Company and its Shareholders as a whole.

The factors that the Directors will consider in identifying the Target Solar Power Plant(s) include, among others: the location and the aggregate installed capacity (in MW) of the Target Solar Power Plant(s); the approved feed-in tariff rate; the availability and validity of the power purchase agreement(s) entered into between the potential Target Company(ies) and the regional subsidiaries of State Grid Corporation of China and the status of on-grid connection. Further announcement(s) will be made in relation to the acquisition of the Target Company(ies) in compliance with the Listing Rules as and when appropriate.

Events of default

Major events of default under the Bond Instrument are summarised below:

- (a) failure of the Company to pay the principal or premium (if any) of or any interest on any of the Convertible Bonds when due, or to deliver the required number of Conversion Shares following conversion of any Convertible Bond, and such failure continues for a period of five business days;
- (b) failure of the Company to perform or comply with any of its other obligations under the Convertible Bonds or the Bond Instrument and such default is not remedied within thirty days after notice requiring the same to be remedied is served on the Company by the Requisite Bondholder;
- (c) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any part of the property, assets or revenues of the Company or any Major Subsidiary which, in the reasonable opinion of the Requisite Bondholders, has and would have a material adverse effect on the Company or such Major Subsidiary and is not discharged or stayed within thirty days (or such longer period as the Requisite Bondholders may consider to be reasonably appropriate);
- (d) the Company or any Major Subsidiary becomes insolvent or bankrupt or unable to pay its debts as and when they fall due; stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts; makes any agreement for deferral, rescheduling or other readjustment of all its debts; threatens, proposes or makes a general assignment or an arrangement or composition with or for the benefit of creditors; or an administrator or liquidator in respect of the whole or part of the assets and turnover of the Company or any of its Major Subsidiaries is appointed;
- (e) an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Major Subsidiary and in the case of any other similar order or resolution of members of the Group (other than the Company and its Major Subsidiary), any such decree or order remains unstayed and in effect for a period of thirty days, or the Company ceases or threaten to cease to carry on all or material part of its business or operations, subject to certain exemptions provided in the Bond Instrument;
- (f) an administrative or other receiver or manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary or the directors of the Company or any Major Subsidiary request any person to appoint such an administrative or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties, which is not discharged or stayed within thirty days;

- (g) the listing of the Company on the Stock Exchange is terminated or the Shares are suspended for trading for a period of more than ten consecutive trading days in any period of twelve months other than pending clearance by the regulatory authorities in Hong Kong in relation to any transaction including but not limited to any acquisition, disposal or formation of joint venture undertaken by the Company;
- (h) any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like, or any such indebtedness is not paid when due or within the applicable grace period or the Company or any subsidiary fails to pay when due any amount payable by it under any present or future indebtedness or under any present or future guarantee for, or indemnity in respect of, moneys borrowed, where the aggregate amount of one or more aforementioned events equals or exceeds US\$35,000,000 or its equivalent in other currency;
- (i) any present or future liabilities of the Company or any of its subsidiaries being breached by the Company or any of its subsidiaries by reason of any actual or potential default, an event of default under the Bond Instrument or the like, where the aggregate amount of the relevant liabilities equals or exceeds US\$35,000,000;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any Major Subsidiary; or the Company or any Major Subsidiary is prevented from exercising normal control over all or any substantial part of its property, assets and turnover;
- (k) any action, condition or thing required to be taken, fulfilled or done to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds and any other Transaction Document to which it is a party, to ensure that those obligations are legally binding and enforceable and to make the Convertible Bonds admissible in evidence in the courts of Bermuda or Hong Kong is not taken, fulfilled or done;
- (l) it is or will become unlawful for the Company to perform or comply with any of its material obligations under the Subscription Agreement, the Bond Instrument or other Transaction Documents or for the Bondholders to exercise its rights under the aforementioned documents;
- (m) any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any Major Subsidiary;
- (n) there is a change of control (within the meaning of the Takeovers Code) of the Company; or
- (o) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

If any of the above events of default occurs and is continuing, the Bondholders may, if so decided by a special resolution, provide written notice (the “**EOD Notice**”) to the Company to require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bonds at the redemption price to be determined according to the following formula (the “**EOD Redemption Price**”):

$$A + B + C$$

Where:

“A” refers to 100% of the principal amount of the Convertible Bonds then outstanding.

“B” refers to all interest accrued thereon and unpaid as at the date of the EOD Notice.

“C” refers to a redemption premium the aggregate amount of which will be determined by the following formula:

$$P \times (1+20\%)^{N/365} - P - E$$

where:

P represents the principal amount of the Convertible Bonds then outstanding;

N represents the number of days from the Issue Date to the date on which the entire redemption price is received by the Bondholders (both dates inclusive) (provided that the number of days of a complete full year shall be 365 days); and

E represents all interest received by the Bondholders under the Convertible Bonds and all interest accrued on the Convertible Bonds and unpaid as at the date of the EOD Notice.

If the EOD Redemption Price have not been paid to the Bondholders within three (3) business days after the date of receipt of the EOD Notice, default interest calculated at a simple rate of 0.2% per month shall be payable by the Company monthly in cash.

The Security shall become immediately enforceable if an event of default occurs and is continuing upon expiry of the applicable grace period expressly provided in the Bond Instrument (if any) and after the written notice has been given by the Bondholders.

Initial Conversion Price

The initial Conversion Price represents:

- (a) a premium of approximately 104.21% over the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on 18 December 2015, being the date of the Subscription Agreement; and
- (b) a premium of approximately 106.86% over the average closing price of HK\$0.77 per Share as quoted on the Stock Exchange for the last 5 trading days up and including 18 December 2015.

The Directors consider that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue, the provision of the Security and the issue of the Conversion Shares) are normal commercial terms, fair and reasonable having considered the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the CB Issue

The CB Issue is conditional upon the fulfillment of the following CB Conditions:

- (a) the Subscriber having conducted due diligence investigation on the legal position, financial position, operation and assets of the Group and the results are satisfactory to the Subscriber;
- (b) the Subscriber having obtained all necessary approval, waiver, consent, or authorization (where applicable) from governmental authorities, regulatory authorities, internal departments of the Subscriber or other third parties for the entering into of the Subscription Agreement and the transactions contemplated thereunder;
- (c) the Company having obtained all necessary approval, waiver, consent, or authorization (where applicable) from governmental authorities, regulatory authorities, internal departments of the Company or other third parties for the entering into of the Subscription Agreement and the transactions contemplated thereunder;
- (d) the Listing Committee of the Stock Exchange having granted to the Company the listing of, and permission to deal in, the Conversion Shares or such number of Conversion Shares which may be issued at the initial Conversion Price (which is subject to no condition or conditions which are consistent with market practice);
- (e) all warranties made by the Company in the Subscription Agreement remaining true, accurate, complete and not misleading;

- (f) the Subscription Agreement, the Bond Instrument (including certificate(s) of the Convertible Bonds), the Share Charge and all other Transaction Documents having been entered into and delivered and the Company having complied with all agreements, discharged all obligations and satisfied all conditions (as the case may be) required to be complied with, discharged or satisfied on or before the Completion Date pursuant to the Transaction Documents; and
- (g) no material adverse change having occurred.

No party to the Subscription Agreement may waive any CB Condition. If any of the CB Condition is not satisfied (or waived by the Subscriber in its sole discretion) by 29 January 2016 (or such other date as parties to the Subscription Agreement may agree), the Subscription Agreement will terminate (except that the confidentiality and the costs and expenses clauses of the Subscription Agreement will continue to be in full force) without prejudice to the rights and remedies available to a party in respect of any breach prior to termination of the Subscription Agreement.

Completion

Subject to fulfillment (or waiver) of the CB Conditions, completion of the CB Issue will take place on the Completion Date.

Other undertakings of the Company

After arm's length negotiations, the Company agreed to offer the Subscriber protection as it considered necessary as a lender. The Company has further undertaken to the Subscriber that:

- (a) for so long as the Subscriber is holding the Convertible Bonds in the principal amount of not less than US\$30,000,000, it shall procure each of the SPV and the WFOE to appoint one person with appropriate qualification and experience nominated by the Subscriber as a non-salaried director, provided that such director nominated by the Subscriber will observe the confidential obligation and other various directors' duties imposed by the applicable laws;
- (b) prior to the completion of the filing of the Equity Pledge with the relevant registration authority in the PRC, the proceeds from the issue of the Convertible Bonds shall be deposited in the account of the SPV and shall be used with authorisation from the board of the SPV;
- (c) for so long as any Convertible Bonds remains outstanding, unless it has obtained the prior written consent from the Subscriber, it shall ensure that (i) the loan to value ratio of each of the Target Companies will not exceed 50%; (ii) the SPV and WFOE will not engage in any business other than acquiring and holding the Target Company(ies); and (iii) it will not provide any guarantee or create any charge or pledge over the Target Companies or incur other indebtedness, save and except for the purpose of obtaining project financing and other bank facilities.

General mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the refreshed general mandate to allot and issue, and deal with up to 948,253,265 Shares, which was granted to the Directors by an ordinary resolution of the Shareholders passed at the special general meeting of the Company on 24 July 2015. The Company shall issue a maximum of 15,000,000 Shares as consideration shares (the “**Consideration Shares**”) (among which, 10,000,000 Shares have been issued) pursuant to a sale and purchase agreement with details announced on 10 December 2015. As at the date of this announcement, the Company may issue up to 933,253,265 Shares (excluding the Consideration Shares) pursuant to such general mandate.

In the event that the number of Conversion Shares falls to be issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds based on the Conversion Price as adjusted in accordance with the adjustment events as stated above exceeds 933,253,265 Shares that are issuable under the general mandate (the shortfall Conversion Shares shall be referred to as “**Exceeded Conversion Shares**”), the Conversion Rights attached to the principal amount or the interest of the Convertible Bonds attributable to the Exceeded Conversion Shares (which shall be calculated by multiplying the number of Exceeded Conversion Shares with the then Conversion Price) (the “**Affected Principal Amount**”) shall be subject to the limitation; and a specific notice of the amount of Exceeded Conversion Shares and the Affected Principal Amount shall be given by the Company to all Bondholders immediately after such adjustment event. Under such circumstances, the Company will process the conversion notice received after the effective date of the adjustments on a first-come-first-served basis (provided that the maximum aggregate number of Conversion Shares that can be allotted and issued under the Convertible Bonds shall not exceed 933,253,265 Shares) and in respect of the Convertible Bonds in the Affected Principal Amount which is being converted by the Bondholder(s), the Company shall, instead of issuing the Exceeded Conversion Shares, redeem such “affected” Convertible Bonds in full at an amount in cash equal to (a) the Affected Principal Amount and accrued interest thereon up till the date falling on the date on which the Company redeems the Convertible Bonds, or (b) the aggregate current market price (as defined in the Bond Instrument) of the total number of the Exceeded Conversion Shares which could have been issued on the day immediately preceding the relevant conversion notice together with the accrued and unpaid interest on the Affected Principal Amount which is being converted by the Bondholders provided that such redemption amount shall be paid by the Company within fifteen (15) business days of the relevant conversion notice.

Listing application

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

The Company shall apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of Conversion Shares upon full conversion of the Convertible Bonds at its initial Conversion Price; (iii) immediately after the allotment and issue of Shares upon full conversion of all the Outstanding Convertible Bonds and Outstanding Options and the Convertible Bonds at their respective initial conversion/subscription prices, assuming that there is no other change in the issued share capital of the Company (except for the issue of the Consideration Shares) from the Date of this announcement and up to completion date of the issue of the Convertible Bonds) are set out below:

	(i) As at the date of this announcement		(ii) Immediately after the allotment and issue of Conversion Shares upon full conversion of the principal amount of Convertible Bonds at its initial Conversion Price		(iii) Immediately after the allotment and issue of Shares upon full conversion of all the Outstanding Convertible Bonds and Outstanding Options and the Convertible Bonds at their respective initial conversion/subscription prices	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
China Merchants New Energy Group Limited (“CMNEG”) and parties acting in concert with it						
CMNEG (Note 1)	579,944,250	12.21	579,944,250	11.07	1,019,980,250	11.51
Snow Hill Developments Limited (“Snow Hill”) (Note 2)	103,111,436	2.17	103,111,436	1.97	103,111,436	1.16
Magicgrand Group Limited (“Magicgrand”) (Note 3)	141,230,827	2.97	141,230,827	2.70	141,230,827	1.59
Pairing Venture Limited (Note 4)	18,173,487	0.38	18,173,487	0.35	18,173,487	0.21
New Energy Exchange Limited (“NEX”) (Note 5)	262,553,621	5.53	262,553,621	5.01	342,501,621	3.86
Sino Arena Investments Limited	36,633,860	0.77	36,633,860	0.70	76,653,860	0.86
Sub-total:	1,141,647,481	24.03	1,141,647,481	21.80	1,701,651,481	19.19
Other associates of China Merchants Group Limited (“China Merchants”)						
China Merchants Fund Management Limited	–	–	–	–	509,517,668	5.75
Shenzhen China Merchants Yinke Investment Management Limited	–	–	–	–	555,854,810	6.27
Sub-total:	–	–	–	–	1,065,372,478	12.02
Subscriber	–	–	486,564,540	9.29	486,564,540	5.49
Other Shareholders	3,609,618,844	75.97	3,609,618,844	68.91	5,612,292,231	63.30
					(Note 6)	
Total:	4,751,266,325	100	5,237,830,865	100	8,865,880,730	100

Notes:

1. CMNEG is indirectly owned as to 79.36% by China Merchants and directly owned as to 20.64% by Magicgrand.
2. Snow Hill is indirectly and wholly owned by China Merchants.
3. Magicgrand is beneficially wholly owned by Mr. Li, Alan, an executive director and chief executive officer of the Company.

4. Pairing Venture Limited is directly and wholly owned by Mr. Li, Alan, an executive director and chief executive officer of the Company.
5. NEX is owned as to 9.9% by Magicgrand, as to 8.13% by Snow Hill and as to 81.97% by other third parties. The number of Shares held by NEX as disclosed in the table includes Shares owned by two wholly-owned subsidiaries of NEX.
6. Assuming the maximum amount of the Consideration Shares have been issued.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Transaction	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
18 December 2014	issue of 380,000,000 Shares	approximately HK\$379 million	general working capital of the Group	approximately 85% of the proceeds have been used to repay the engineer, procurement and construction payables under the existing solar power business of the Group; approximately 15% of the proceeds have been used in connection with the general administrative expenses of the Group
23 January 2015	issue of convertible bonds in the principal amount of up to HK\$524,803,198.80	approximately HK\$522.8 million	general working capital and capital expenditure and the acquisition of the solar power plants with an aggregate installed capacity of 80MW, general working capital for the development, construction, maintenance and operation of solar power plant(s)	approximately 79% of the proceeds have been used to acquire new solar power plants in Xinjiang, the PRC, and approximately 21% of the proceeds have been used as general working capital for these solar power plants in Xinjiang, the PRC
4 March 2015	issue of convertible bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000)	approximately HK\$232 million	general working capital for the development, construction, maintenance and operation of solar power plant(s)	100% of the proceeds have been used in connection with development, construction, maintenance and operation of the solar power plants in Inner Mongolia, the PRC
20 April 2015	issue of convertible bonds in the principal amount of US\$15,000,000 (equivalent to approximately HK\$116,250,000)	HK\$115,750,000	finance the acquisition of target company(ies) which own the solar power plant(s) with an aggregate installed capacity of approximately 20 MW in the PRC to be identified and acquired by the Group	100% of the proceeds have been used in connection with new solar power plants in Xinjiang, the PRC
28 May 2015	issue of convertible bonds in the principal amount of US\$100,000,000 (equivalent to approximately HK\$775,000,000)	HK\$759,000,000	development, construction, maintenance and operation of the solar power plant(s)	approximately 66% of the proceeds have been used in connection with new solar power plants in the PRC under the cooperation agreement between the Company and 海潤光伏科技股份有限公司 (Hareon Solar Technology Company Limited*); approximately 13% of the proceeds have been used in connection with new solar power plants in Xinjiang and Hubei; the remaining 21% of the proceeds are kept by the Group and will be used as intended.

Save as disclosed above, the Company has not conducted any other equity fund raising exercise in the past twelve months before the date of this announcement.

INFORMATION ON THE SUBSCRIBER

Based on the information provided by the Subscriber, the Subscriber is incorporated in the British Virgin Islands, whose principal business is investment holding.

INFORMATION ON THE COMPANY AND REASONS FOR THE CB ISSUE

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of solar power plants.

It is the Group's strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns. The Company issues the Convertible Bonds to raise funds for the development, construction, maintenance and operation of the Target Solar Power Plant(s).

It is expected that the net proceeds of about HK\$774,500,000 will be raised through the CB Issue. The Company intends to use the net proceeds from the CB Issue as general working capital for the acquisition, development, construction, maintenance and operation of the potential Target Solar Power Plant(s).

The Directors (including independent non-executive Directors) consider that the CB Issue and transactions contemplated thereunder are on normal commercial terms determined after arm's length negotiation between the parties, fair and reasonable and in the interests of the Company and the Shareholders as whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bond Instrument”	the deed to be executed by the Company which will constitute the Convertible Bonds and contain the terms and conditions of the Convertible Bonds

“Bondholder(s)”	holders(s) of the Convertible Bonds, including all subsequent transferee(s) of the Convertible Bonds
“business day”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“CB Condition(s)”	the condition(s) set out in the paragraph headed “Conditions of the CB Issue” under the section headed “CB Issue – The Subscription Agreement” in this announcement
“CB Issue”	the issue of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“Completion Date”	within seven business days after the fulfilment of all the CB Conditions (or such other date as the parties to the Subscription Agreement may agree), whereupon, completion of the CB Issue will take place
“Company”	United Photovoltaics Group Limited (聯合光伏集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Period”	the period commencing from the day immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date (both dates inclusive)
“Conversion Price”	HK\$1.5928 per Share, subject to adjustment under the terms and conditions of the Convertible Bonds

“Conversion Right(s)”	the right(s) of the Bondholder(s) to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Conversion Shares, subject to the terms of the Convertible Bonds
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company: upon (i) exercise of the Conversion Rights attached to the Convertible Bonds; and/or (ii) in payment of the accrued and unpaid interest under the Convertible Bonds; and/or (iii) upon a Mandatory Conversion
“Convertible Bond(s)”	the 6.75% secured three-year convertible bonds in the principal amount of US\$100,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Directors”	the directors of the Company
“Equity Pledge”	a pledge to be executed over the equity interest in the WFOE in favour of the Subscriber
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	the day on which the Convertible Bonds are issued pursuant to the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Subsidiary”	a subsidiary of the Company the total assets, profits or revenue of which represents 5% or more under any of the percentage ratios defined under Rule 14.04(9) of the Listing Rules
“Mandatory Conversion”	mandatory conversion of the outstanding principal amount of the Convertible Bonds into Conversion Shares by the Company in accordance with the terms of the Bond Instrument

“Maturity Date”	in respect of each Convertible Bond, the date falling on the third anniversary of the Issue Date
“MW”	megawatts, which equals 1,000,000 watt
“Outstanding Convertible Bonds”	all the outstanding convertible bonds of the Company as of the date of this announcement: (a) the Series B convertible bonds of the Company due 2018 in the principal amount of HK\$847,964,000, which is convertible into a total of 847,964,000 Shares at the current conversion price of HK\$1.00 per Share (subject to adjustments) (b) the consolidated 5% secured guaranteed convertible bonds of the Company due 2016 in the principal amount of US\$120,000,000, which is convertible into a total of 581,250,000 Shares at the current conversion price of HK\$1.6 per Share (subject to adjustments) (c) the convertible bonds of the Company due 2018 issued on 27 December 2013 in the principal amount of HK\$232,959,339, which is convertible into a total of 145,599,586 Shares at the current conversion price of HK\$1.60 per Share (subject to adjustments) (d) the convertible bonds issued on 20 April 2015 in the principal amount of HK\$524,803,198.80, which is convertible into a total of 509,517,668 Shares at the current conversion price of HK\$1.03 per Share (subject to adjustments) (e) the convertible bonds issued on 29 April 2015 in the principal amount of US\$30,000,000, which is convertible into a total of 225,728,155 Shares at the current conversion price of HK\$1.03 per Share (subject to adjustments)

- (f) the convertible bonds issued on 3 June 2015 in the principal amount of US\$100,000,000, which is convertible into a total of 590,071,569 Shares at the current conversion price of HK\$1.3134 per Share (subject to adjustments)
- (g) the convertible bonds issued on 23 June 2015 in the principal amount of US\$15,000,000, which is convertible into a total of 112,864,077 Shares at the current conversion price of HK\$1.03 per Share (subject to adjustments)

“Outstanding Options”

all the outstanding options of the Company as of the date of this announcement:

- (a) a maximum of 555,854,810 Shares to be issued pursuant to an option agreement dated 23 January 2015
- (b) 54,200,000 Shares to be issued pursuant to the share options granted on 8 January 2015

“PRC”

the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Requisite Bondholders”

Bondholders holding not less than 75% of the outstanding principal amount of the Convertible Bonds

“RMB”

Renminbi, the lawful currency of the PRC

“Security”

security under the Subscription Agreement set out in the paragraph headed “Security” under the section headed “CB Issue – The Subscription Agreement – Principal terms of the Convertible Bonds” in this announcement

“Share(s)”

share(s) of HK\$0.10 each in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes of the Company resulting from any subdivision, consolidation or re-classification of those shares

“Share Charge”	the share charge to be executed over the entire issued share capital of the SPV in favour of the Subscriber
“Shareholder(s)”	holder(s) of the Shares
“SPV”	Premier Yield Holdings Limited, a limited liability company incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of the Company and a new special purpose vehicle for the acquisition of the potential Target Company(ies)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	Huaqing Solar Power Limited (華青光伏有限公司), a company incorporated in British Virgin Islands with limited liability
“Subscription Agreement”	the subscription agreement dated 18 December 2015 and entered into between the Company and the Subscriber in relation to the CB Issue (as may be amended from time to time)
“Takeovers Code”	Code on Takeovers and Mergers
“Target Company(ies)”	project company(ies) which own the Target Solar Power Plant(s) to be identified and acquired by the Group
“Target Solar Power Plant(s)”	solar power plant(s) with an aggregate installed capacity of approximately 160MW in the PRC to be acquired by the Target Company(ies)
“Transaction Documents”	the Subscription Agreement, the Bond Instrument, the certificate(s) evidencing the title of the Bondholder(s) to the Convertible Bonds, the Share Charge and any other document or agreement designated in writing as such by the Subscriber and the Company
“US\$”	United States dollars, the lawful currency of the United States of America

“WFOE”

a wholly-foreign owned enterprise to be established in the PRC by the SPV, for the acquisition(s) of the Target Company(ies) by using the proceeds from the CB Issue

For and on behalf of
United Photovoltaics Group Limited
Li, Alan
Chairman of the Board

Hong Kong, 18 December 2015

In this announcement, the conversion of US\$ into HK\$ has been made at a rate of US\$1:HK\$7.75. Such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong and Ms. Qiu Ping, Maggie; the non-executive directors of the Company are Academician Yao Jiannian and Mr. Yang Baiqian; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.